



VIA ELECTRONIC DELIVERY

August 3, 2007

Chairman Kevin Martin  
Commissioner Jonathan Adelstein  
Commissioner Michael Copps  
Commissioner Deborah Tate  
Commissioner Robert McDowell  
Federal Communications Commission -- (via e-mail)

**Re: Ex Parte Communication, In the Matter of Intercarrier Compensation, CC Docket 01-92 (Missoula Plan)**

Dear Chairman Martin and Commissioners:

In initial comments on the so-called Missoula Plan (filed October 25, 2006), the National Association of State Utility Consumer Advocates (“NASUCA”)<sup>1</sup> stated:

One of the more galling aspects of the Missoula Plan as a revenue preservation mechanism for ILECs is the fact that it not only replaces ILECs’ lost [intercarrier compensation] ICC revenues, but replaces an obsolete level of ICC revenue that is too high. ICC minutes of use and revenues have been declining about 5% per annum since 2000....<sup>2</sup>

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<sup>1</sup> NASUCA is a voluntary, national association of consumer advocates in more than forty states and the District of Columbia, organized in 1979. NASUCA’s members are designated by the laws of their respective states to represent the interests of utility consumers before state and federal regulators and in the courts. *See, e.g.*, Ohio Rev. Code Chapter 4911; 71 Pa. Cons. Stat. Ann. § 309-4(a); Md. Pub. Util. Code Ann. § 2-205(b); Minn. Stat. Ann. Subdiv. 6; D.C. Code Ann. § 34-804(d). Members operate independently from state utility commissions, as advocates primarily for residential ratepayers. Some NASUCA member offices are separately established advocate organizations while others are divisions of larger state agencies (*e.g.*, the state Attorney General’s office). Associate and affiliate NASUCA members also serve utility consumers, but have not been created by state law or do not have statewide authority.

<sup>2</sup> NASUCA Initial Comments (October 25, 2006) at 23.

Interstate MOU through the first quarter of 2007 are now available, and show that the trend is continuing:

<b>Total Interstate MOU by Quarter</b>					
(MOU in billions)					
Year	1Q	2Q	3Q	4Q	Total
1998	124.0	131.3	130.7	132.8	518.8
1999	135.6	138.1	138.3	140.3	552.3
2000	142.6	142.6	141.5	140.2	566.9
2001	138.1	137.1	133.3	131.3	539.8
2002	124.8	124.4	119.6	118.0	486.8
2003	114.2	112.1	109.9	107.8	444.0
2004	109.3	106.1	105.1	102.0	422.5
2005	101.2	100.4	100.5	98.8	400.9
2006	98.1	95.3	94.0	91.8	379.2
2007	90.6				

Source: NECA Quarterly MOU Studies

As further stated in NASUCA’s initial comments:

[T]he Missoula Plan establishes the revenue to be recovered by incumbent carriers at the levels of the year immediately preceding implementation of the Missoula Plan.” Given that ICC revenues are continually declining, the Missoula Plan guarantees recovery [of] an amount of ICC revenues that is greater than the revenues that will actually be lost whenever the Plan is implemented. Under the Missoula Plan the “access shift per line” is frozen in the first step of the Plan and continues as the target revenue level throughout the future steps of the Plan, even though ICC revenues under the existing system would have been lower with each succeeding year.<sup>3</sup>

As interstate MOU continue to decline, and “the additional revenues that ILECs gain from serving new broadband lines which are outside of the current ICC system”<sup>4</sup> continue to grow, the disparity between carrier revenues lost and the recovery guaranteed by the Missoula Plan continues to grow. This makes adoption of the Plan even more harmful to consumers.

<sup>3</sup> Id. at 23-24 (footnote omitted).

<sup>4</sup> Id. at 24.

Finally, as also stated by NASUCA:

The current system is providing its own transition from the old circuit-switched world to the IP-based world as consumers individually make choices to drop ILEC circuit-switched lines and migrate to broadband lines; or substitute wireless service for long distance; or drop landlines for wireless or VoIP service. The Missoula Plan would stop this transition in its tracks and preserve yesterday's ICC revenues in increased end user rates. The desire of the Missoula Plan proponents to preserve past revenues is entirely understandable, but should not be part of any telecommunications policy decision made in the public interest.<sup>5</sup>

Thus along with being increasingly harmful, the Missoula Plan is also becoming increasingly unnecessary. The Commission should expeditiously issue an order rejecting the Plan.<sup>6</sup>

Respectfully submitted,

/s/ David C. Bergmann

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<sup>5</sup> Id.

<sup>6</sup> Given these problems with the Plan itself, the adoption of the so-called Federal Benchmark Mechanism -- explicitly proposed as an adjunct to and an attempt to solve inequities in the Plan -- also becomes unnecessary. See NASUCA Reply Comments (March 19, 2007).